

**Testimony of Ted Phillips**  
**Before the Government Operations Committee**  
**State House of Representatives**  
**November 1, 2005**

Good morning. My name is Ted Phillips. I am an attorney and the executive director for the United Community Housing Coalition in Detroit. I would like to thank you for the opportunity to testify this morning on the need to revise the state condemnation statute to provide greater protection for displaced tenants.

The United Community Housing Coalition is a nonprofit organization which has served residents in the City of Detroit for the past 31 years. We assist low income households who are experiencing a variety of housing problems, including tenant households facing evictions, homeowners in land contract forfeitures, mortgage or tax foreclosures, and homeless individuals and families searching for decent and affordable housing. As a comprehensive housing services provider, we have broad experience in addressing a variety of housing related problems for low income households.

I have been the Executive Director of UCHC for nearly twenty years, with the exception of two years when I served as an appointee in the Archer Administration with the Detroit Housing Commission.

During my tenure with UCHC, we have been involved in a number of efforts to assist tenants facing displacement and relocation due to a variety of development projects or other activities. Some of these projects involved the use of federal monies and therefore the Federal Uniform Relocation Act (URA) applied; others were not federally assisted, but nonetheless the governmental agency or developers involved agreed to operate according to the URA standards, and some relied merely on the "advisory services" available under the state condemnation act.

We have provided assistance to households relocated due to the Grainmark Housing Development, Comerica Park, Motor City, MGM and Greektown casinos, public housing demolition and redevelopment, and several HUD-assisted Section 8 buildings that involved mortgage buyouts and conversions or owner disbarment from participation in the Section 8 program. We are currently providing assistance to several tenants facing relocation from the Parkwyck Towers in Greektown.

There are a number of obstacles that tenants, particularly low income tenants, face when there is forced relocation. These include:

1. Being able to pay the security deposit, first month's rent and related costs (such as utility reconnection fees) at the new place.
2. Paying for the costs to physically move from one housing unit to another including not only mover expenses, but also costs to reconnect utility services, resolve utility issues, and pack.

3. Finding a decent, safe and affordable replacement housing unit in a timely manner.

Under the Michigan Security Deposit Act, the cap on security deposits is one and one-half times the rent. Most landlords require the first month's rent and a security deposit (of one and one-half months) at move-in. It is also not uncommon to require prospective tenants to pay credit check fees during an application process. A family renting an apartment for \$600 per month, could easily be required to pay \$1,500 to 1,600 to secure the opportunity to move in. It is not uncommon for landlords to attempt to charge more than this amount. Many tenants (who are unaware of the law) are told that they must pay the first month, last month and a one-month security deposit to move in.

Moving costs can vary considerably and can be extremely costly for large families, and families with household members who are disabled. Some families try to reduce the costs by renting a truck and moving themselves. But renting a truck is difficult without credit and requires large cash deposits, when a credit card is not available. Utility reconnect fees and deposits, are also large for low-income households, particularly if there was an arrearage at the family's prior address or if the family must establish a new account. These costs present extreme hardships for many families. Tenants who resided in housing where the utilities were included in the rent, often face large outstanding utility bills from prior years, which must be addressed before they can move into a replacement housing unit which does not include utilities. Or, they must limit any new rental housing search to properties where the utilities are included (a quickly vanishing housing type). Similar issues occur if the tenant had use of a stove, refrigerator or laundry facilities at the prior address. They either have to purchase these appliances or find rental housing which includes them. An additional cost for some tenants, particularly seniors and persons with disabilities, is packing. Again, if someone has lived in their home for many years, this may be very costly if they accumulated many possessions.

Finally, simply finding decent, safe and affordable housing in a timely manner, given the juggling that has to be done due to financial constraints also creates a significant challenge for many families. Even families fortunate enough to have secured a federally assisted Section 8 voucher (which enables them to pay 30% of their income for rent and utilities and obligates the federal government to pay the balance) finding appropriate housing is a challenge. Nationally, as many as one-third of all families who receive vouchers, lose them due to their inability to locate decent housing within the federal mandated search period – a maximum of 120 days.

In the condemnations where the federal relocation act applies or where the parties have agreed to use it as a standard for payments to displaced households, harm to tenants has been minimized. Funds available to cover costs such as security deposits, first month's rents, moving costs, utility hook ups, packing and the difference in increased monthly rental costs for a transitional period of time, have made the difference for families facing

homelessness or the prospect of living in substandard housing which they cannot afford and families made whole, and not substantially harmed by the development project.

I urge you as you review Michigan's condemnation statute, to also look at expanding the rights and benefits for tenants displaced by these development projects.